

## SLOVAKIA

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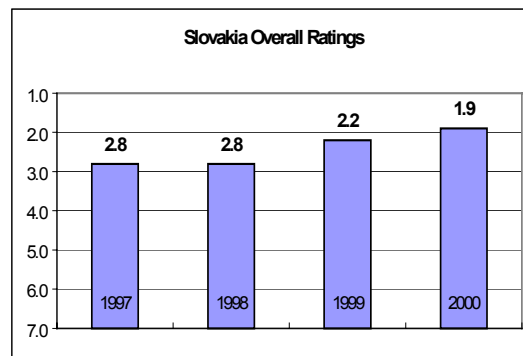
Capital: Bratislava  
GDP per capita: \$3,851  
Population: 5,400,000

Inflation: 12.5%  
Unemployment: 11.9%  
Foreign Direct Investment: \$500,000,000

### OVERALL RANKING: 1.9

The last ten years have been characterized by the extraordinary development of the third sector in Slovakia. The sector is cultivating new values in society such as charity, solidarity, and philanthropy, as well as citizens' participation in public affairs. The sector has proved that it is also able to function under great pressure, and that it is developing and maturing politically.

The ability of the third sector to achieve a consensus, define targets, and co-operate is probably best documented by several nation-wide campaigns in which hundreds of NGOs participated. In 1996, there was the 'Third Sector SOS' campaign, announced through the Gremium of the Third Sector against the government's restrictive proposals on foundations. In 1998, the OK '98 civic campaign for free and fair elections significantly affected voter participation in the parliamentary elections. A further campaign was the Civic Initiative for a Competent Act on Information Access, culminating in the passage of this act in May 2000.



Despite all of the above, the third sector in Slovakia still faces challenges that need to be addressed. The most pressing issues are related to financing, legislation, and the public image and perception of NGOs.

### LEGAL ENVIRONMENT: 2.5

The legislative framework relevant to the non-profit sector in Slovakia has changed several times over the past ten years. Slovak NGOs are able to register and operate under four existing laws – the laws on foundations, non-investment funds, non-profit organizations providing public benefit services, and civic associations. Proposed new legal standards, which should regulate the existence of foundations, non-investment funds, and

non-profit organizations in the future, have been prepared and discussed with the Ministry of Justice of the Slovak Republic. These include the adoption of new NGO legislation that reflects the major change in NGO-government relations after the 1998 elections. The Ministry of the Interior is also expected to propose an amendment to the law on civic associations soon.

In January 2000, the National Council of the Slovak Republic amended the income tax law. The most important change for the third sector enables taxpayers to designate 1% of their income tax payment for the support of public interest activities. This regulation will come into effect on January 1, 2002.

NGOs are also exempt from paying income tax on activities connected to the organizations' purpose. Income tax must be paid on income exceeding SKK 300,000 arising from unrelated activities (approximately \$6,000).

The existing tax framework provides only limited exemptions under the law. Organizations are subject to value-added tax, import duties and interest on bank deposits. Individuals and corporations can deduct donations that support public interest aims from the tax base. In the case of legal persons, the value of the donation must be at least SKK 2,000 (approximately \$40), while a maximum of 2% of the tax base can be deducted in total.

### **ORGANIZATIONAL CAPACITY: 1.5**

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The Slovak NGO sector has gradually increased its organizational capacity. This process is reflected in the professionalization, specialization, and regionalization of NGO activities. In addition, new types of organizations, such as think tanks and community development groups, are being formed, which have not been represented thus far in the wide spectrum of NGOs.

The internal structures created over the past ten years help the sector respond to its needs, as well as to enter into discussions, partnerships and co-operation with other important groups in society. Apart from the Gremium of the Third Sector, there are a number of national umbrella organizations in Slovakia.

NGOs often enter into coalitions to respond to the sector's needs. For example, there have been coalitions focused on regional development, decentralization of public services, and accession to the European Union.

The significance of volunteerism is coming to the fore, and special activities and projects are beginning to investigate this phenomenon, revitalize its ideas, in-

crease the number of volunteers working in various areas of public life, and increase public appreciation for them. For example, on International Volunteer Day (December 5), outstanding volunteers are awarded a ceremonial Heart of Palm under the auspices of the President of the Slovak Republic.

Engaging in foreign activities and reacting to current international issues in the region as well as in the European or global network is another characteristic of the growing capacity of the third sector. This includes the activities of Slovak NGOs in the Balkans, and membership in international networks such as the European Foundation Centre, the CIVICUS World Alliance for Citizen Participation, and the International Association for Volunteer Effort (IAVE).

Despite this progress, there are significant differences between more professional and less skilled organizations on both the national and local levels. NGOs still do not have equal opportunities to take advantage of the organizational development services offered by some institutions.

### FINANCIAL VIABILITY: 3.0

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The financing of the third sector in Slovakia is similar to that in other economies in Central and Eastern Europe. In spite of the new skills and growing professionalism of NGOs, the third sector is still significantly dependent on foreign financial resources. Questions of financial sustainability, systematic and transparent public financing, the introduction of fees for services, the diversification of resources, as well as changes to the existing legislation are all subjects of intra-sectoral discussion.

The government has various mechanisms at its disposal through which it is able to co-finance NGOs. Other than indirect support, which involves the creation of an appropriate legislative and tax environment, there is also direct support, i.e., the direct financing of NGOs from public funds in the form of subsidies, contracts, and the allocation of income from lotteries, public collections, and other similar activities.

The level of funding allocated as a part of the proposed budget dedicated to "civic associations, foundations, and similar organizations" in 1996 was approximately \$17.6 million. In 2000, it grew to approximately \$19.6 million.

Apart from funds allocated to various government departments and state funds, NGOs can also turn to foreign government institutions with their projects, especially to embassies that support various grant programs.

There are currently over 470 registered foundations in Slovakia. Most of them are operational, and only a small number provide grants to other institutions or individuals. According to available information, there are only five founda-

tions in Slovakia with an endowment fund of over SKK 1 million (\$20,000), while only three have endowment funds of SKK 10 million (\$200,000) or more.

Foundations, which play an important role in the development of the third sector in Slovakia and are among the largest donors, often simply redistribute funds obtained from abroad, as they do not have their own endowment funds yet. In the last few years, 'community foundations' aimed at supporting civic initiatives and cross-sectoral cooperation on a local level have come into being in Slovakia and are slowly creating their own endowment funds. There is also an active group of foreign foundations that are not resident in Slovakia, but have special significance for the development of Slovak civil society.

Unfortunately, most private U.S. foundations have announced that they will begin cutting back their funding in Slovakia. While EU funds are expected to fill the gap created by the reduction in U.S.-based support, EU support is highly directive, limited to program assistance, and less flexible than the assistance it will be replacing.

In 1998, grant-making organizations created an informal group called the Donors' Forum, which is aimed at increasing the effectiveness of grant allocation, and creating conditions for improving the financial support of the third sector. In 1999, selected foundations in the Donors' Forum allocated grants amounting to 252,677 mil. SKK (over \$5 million).

Private donations are another possibility for supporting NGOs in Slovakia. According to the Central Tax Office of the

Slovak Republic, the number of people making donations to public benefit purposes over the last four years has decreased, though there has been a gradual increase in the total amount donated. The statistics do not specify whether these donations were provided to state, church, or NGOs.

Apart from donations made possible by existing legislation, voluntary collections by NGOs are more popular than ever. One of the most exceptional examples in 1999 was the 'Children's Hour' campaign by the Children's Foundation of

Slovakia, through which the record sum of SKK 13 million (\$260,000) was collected for projects aimed at working with children. The League Against Cancer has organized 'Daffodil Day', a campaign to support programs targeted at the prevention, early prevention, and the treatment of cancer since 1997. In 2000, almost 6,000 volunteers, 200 local sponsors, and 100 national, regional, and local media organizations joined in the campaign, raising more than SKK 6.6 million (\$132,000).

### **ADVOCACY: 1.5**

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The Gremium of the Third Sector (G3S) and the regional gremia functioning in seven administrative regions of the country have been the most visible representatives of the third sector, advocating its interests on national as well as local levels. G3S was involved in commenting on several acts by presenting its opinions and resolutions on important societal issues. Regional gremia serve as a platform for intra-sectoral co-operation, publicize the achievements of the sector, and communicate with representatives of regional and local government offices.

Since the 1998 elections, relations between the government and NGOs have improved significantly. A Council of the Government of the Slovak Republic for NGOs, chaired by the Deputy Prime Minister, has been created as a new advisory body. The council is composed of members of the third sector and all ministries. The two meetings held thus far have focused mostly on NGO legislation and the state of NGO financing from public sources.

The continuing ability of the third sector to mobilize was demonstrated by the

NGO campaign to adopt new freedom of information laws. This campaign, which was supported by 120 NGOs, ended successfully in June 2000, when the President signed the Act.

International co-operation and exchange of experience has been an important dimension in the Slovak NGO sector. After ten years of building civil society and surviving in an often hostile environment, Slovak NGOs have become ready not only to learn from international experiences, but also to offer and share their skills, especially with their counterparts in Central and Eastern Europe who are struggling with similar challenges. There are several examples of active and efficient involvement of Slovak NGOs in the Balkans, Ukraine, and other part of this region.

SAIA-SCTS published the first Slovak publication dealing with advocacy, entitled, "Civic Advocacy or How to Achieve Change in Society", in 2000. It builds on local and international experience with advocacy campaigns to stimulate interest and increase understanding of advocacy among Slovak NGOs.

## **SLOVAKIA**

### **SERVICE PROVISION: 2.0**

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NGOs are actively providing services in a growing number of fields that is expanding beyond traditional social areas. The creation of new types of organizations, such as think tanks, is making the sector's expertise available in other areas as well.

Contracting of NGOs by public institutions is limited, despite the fact

that NGOs are often able to provide services more efficiently and less expensively. Existing government support, mostly in the form of grants or subsidies, is often offered to predetermined "traditional" NGOs.

The majority of NGOs still do not charge fees for their services, thereby foregoing an important opportunity to raise funds.

### **INFRASTRUCTURE: 1.5**

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The infrastructure of the third sector is diversifying and expanding the types of services it offers to NGOs. For example, the Donors' Forum has been transformed from an informal group of grant-makers into an officially registered NGO that aims to provide special services to the grantmaking community, while continuing to represent its interests and needs.

Several well-established service, umbrella and training organizations continue to offer consulting services and training courses, publish magazines, newsletters, and leaflets, distribute information, and create to discuss and address important NGO issues. In 2000,

the Gremium of the Third Sector and SAIA-SCTS organized the 7<sup>th</sup> national conference of NGOs – the Stupava Conference – and the 1<sup>st</sup> NGO Fair in Poprad. Approximately 400 NGO representatives and decisionmakers, including two Deputy Prime Ministers attended these events.

Various formal and informal coalitions have been created in response to the specific challenges of the third sector. For example, coalitions have promoted regional development, decentralization of public services, and accession to the European Union.

### **PUBLIC IMAGE: 1.5**

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NGOs in Slovakia strive to co-operate with the mass media to make their activities public and transparent. Co-operation with the media takes different forms, such as press conferences, inviting journalists to third sector activities, providing press releases and interviews and supplying notices to daily newspapers about the grant programs of different donors.

NGOs also use their own tools to present their activities. For example, NGOs publish their own leaflets, brochures, annual reports and other information materials, put information into the sectoral monthly NonProfit and on the Internet, and communicate electronically through ChangeNet.

The Donors' Forum is presently working to create a Code of Ethics and encourages other organizations to participate in this discussion.

The overall increase of acceptance of the NGOs is also visible from the increase in invitations for partnerships and co-operation extended by governmental and other institutions.

Despite this progress, there is still a high percentage of the population that is not informed about the existence of the third sector and its activities. This is increasing the need to conduct sociological research on the "usefulness of NGOs" to find new ways of improving the public image of the third sector in Slovakia.